

Message Text

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ORIGIN EB-11

INFO OCT-01 ARA-11 ADP-00 COME-00 L-03 AID-20 CIAE-00

FRB-02 INR-09 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 SAL-01 OMB-01 NSC-10 SS-14

STR-08 CEA-02 USPS-02 CG-00 /124 R

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FM SECSTATE WASHDC

TO AMEMBASSY MEXICO

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E. O. 11652: N/ A

TAGS: ETRD, MX

SUBJECT: FOLLOW- UP TALKS ON US- MEXICAN TRADE

1. FOLLOW- UP TALKS ON US- MEXICAN TRADE CONCLUDED
MORNING OF MARCH 16, FOLLOWING OPENING MARCH 14. TALKS
ADJOURNED ONE DAY AT MEXICAN REQUEST. DURING LUNCHEON
GIVEN BY AMBASSADOR DE OLLOQUI MARCH 15 PURPOSE OF TALKS
WAS REASSESSED.

2. AGENDA ITEMS RESOLVED AS FOLLOWS:

A. MARKING REQUIREMENTS-- WE EXPLAINED US REGULATIONS
AND DESCRIBED POSSIBILITY OF SIMPLE MARKINGS, E. G.
PERMANENT INK STAMPINGS, MARKED PACKAGES FOR SMALL ITEMS.
MEXICANS AGREED TO SEE IF THIS SOLVED PROBLEM.

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B. LIME OIL CERTIFICATES-- WE AGREED TO INVESTIGATE NEED FOR QUALITY OR OTHER CERTIFICATE FROM STANDPOINT US CONSUMER AND OTHER INTERESTS WITH A CONSTRUCTIVE POINT OF VIEW BUT, IN EFFECT, CAUTIONED AGAINST EXPECTATION WE WOULD BE ABLE TO ENFORCE MEXICAN CARTEL OPERATION RESTRICTING US SUPPLIES.

C. IN- BOND PLANT SALES-- WE EXPLAINED STRONG PRESSURES FROM US GROUPS ON THIS ISSUE AND NEED FOR MARKETING OUTPUT IN BOTH COUNTRIES AS MATTER OF EQUITY. THEY

RESPONDED THAT TWO PLANTS HAD BEEN LICENSED FOR MEXICAN SALES. THEY ALSO AGREED TO INVESTIGATE LIBERALIZING PRESENT REGULATIONS AND TO OBTAIN DATA ON MEXICAN SALES. WE WILL FURNISH THROUGH EMBASSY PRODUCT LISTS OF IN- BOND PLANTS FOR THEIR CONSIDERATION.

D. JULY STATISTICAL MEETING-- IT WAS AGREED PREPARATIONS DOING SATISFACTORILY AND WE WILL PROVIDE, VIA EMBASSY, TECHNICAL MATERIALS AND PROPOSALS FOR AGENDA AND TIMING.

E. NOTICE OF LICENSE CHANGES-- MEXICANS AGREED TO UNDERTAKE TO PREPARE SPECIAL LIST OF REMOVALS FROM LICENSE LIST AND PROVIDE THIS REGULARLY TO EMBASSY. SUBJECT TO PROVISOS, GOM ALSO CONFIRMED INTENTION TO GIVE SPECIAL CONSIDERATION TO CASES WHERE L/ C FOR IMPORTS OPENED PRIOR TO IMPOSITION OF LICENSE REQUIREMENT.

F. LITHARGE IMPORTS-- MEXICANS ASKED FOR UNDERSTANDING ON ACCEPTABLE LEVEL OF IMPORTS. WE AGREED TO DISCUSS ISSUE WITH MEXICAN EMBASSY NEXT WEEK, BUT POINTED OUT SEVERE LIMITS IMPOSED BY US ANTI- TRUST LAW AND OUR COMPLETE INABILITY TO COMMIT US PRODUCERS.

G. LP TANK TRUCKS-- WE AGREED TO DISCUSS REQUIREMENTS WITH TEXAS AUTHORITIES. GOM TO PROVIDE MORE DATA.

H. LIMITS ON PARCEL POST-- MEXICANS SAID THEY ARE CONSIDERING RAISING \$16 LIMIT AND EXPLAINED ALTERNATIVE WAYS OF EXPEDIOUS LICENSING FOR LOW VALUE IMPORTS. LIMITED OFFICIAL USE

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I. SHOTGUN SHELLS-- WE GAVE COPY OF USCG REGULATIONS TO MEXICAN SIDE AND EXPLAINED THAT THERE ARE ALSO INDIVIDUAL PORT REGULATIONS. WE WILL INVESTIGATE FURTHER UPON RECEIPT OF INFORMATION FROM GOM ON SPECIFIC CASES.

3. MEETINGS THEMSELVES WERE USEFUL FROM US POINT OF VIEW. AMBASSADOR DE OLLOQUI, HOWEVER, AFTER FIRST SESSION DECLARED HE DISSATISFIED THAT FIRST QUARTERLY MEETING, " FOLLOWING SEVEN YEARS OF ANNUAL MEETINGS AT WHICH NOT A SINGLE ISSUE RESOLVED", ALSO NOT RESULTING IN ANY NEGOTIATED SETTLEMENTS. NEXT SESSION WOULD BE HELD ONLY AFTER BOTH SIDES INDICATED THEY PREPARED TO NEGOTIATE.

IN MEANWHILE USG AND GOM WOULD AGAIN EXCHANGE LISTS OF SPECIFIC TRADE PRACTICES THAT EACH WANTED THE OTHER TO CHANGE. WE SAID NEGOTIATION WOULD MEAN BALANCING CHANGES IN TRADE PRACTICES WHICH MEXICAN SIDE ACKNOWLEDGED AS REASONABLE. WE ALSO SAID WE COULD NOT DECIDE WHETHER OR WHEN WE WOULD BE PREPARED TO NEGOTIATE UNTIL WE HAD EXAMINED THEIR LIST AND DETERMINED WHETHER THERE WERE CHANGES IN OUR PRACTICES WE COULD MAKE IN EXCHANGE FOR CHANGES IN THEIR POSITIONS.

4. WE POINTED OUT THAT WE HAD RECOMMENDED AGAINST HOLDING FIRST QUARTERLY MEETINGS UNTIL SITUATION RIPE FOR SETTLING ISSUES AND AGAINST HIGH LEVEL GOM DELEGATION.

5. WE BELIEVE MEXICAN DELEGATION NOW RECOGNIZES THAT WHILE TIMING WAS NOT GOOD, SESSIONS DID RESULT IN SOME FORWARD MOVEMENT ON ISSUES. CLEAR, HOWEVER, THAT IT INADVISABLE TO HOLD ANOTHER OF THESE MEETINGS UNTIL AND UNLESS BOTH SIDES FULLY PREPARED TO NEGOTIATE SETTLEMENT OF AT LEAST ONE OR TWO ISSUES. ROGERS

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